

# ONE Minute Brief

24 February 2016

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## Economic and Political News

The leading indicator in South Africa fell to a level of 93.50 in December, compared to a revised reading of 93.60 in the previous month.

Public prosecutor, Thuli Madonsela, released a report into maladministration at the South African Post Office (Sapo) which revealed that the acquisition of a 10-year lease for a building costing approximately R161.00mn to house the Sapo headquarters, was tainted by procurement irregularities and corruption.

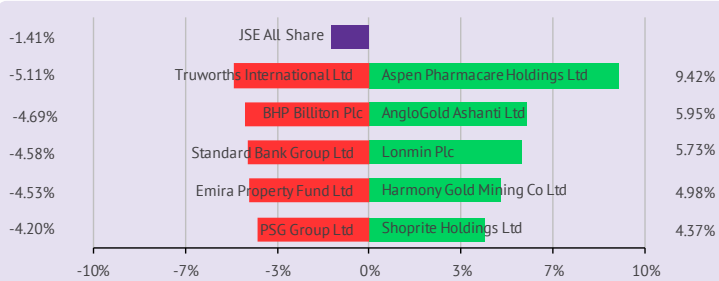
The Presidency stated that President Jacob Zuma, will take a decision on whether to grant AbaThembu King, Buyelekhaya Dalindyebo, a presidential pardon only after all internal processes for processing such applications are completed.

The National assembly passed the Expropriation Bill despite opposition from other political parties. The bill will enable the state to make compulsory purchases of land for public purpose to redress racial disparities in land ownership.

## South Africa Market ▼

### South African markets closed lower

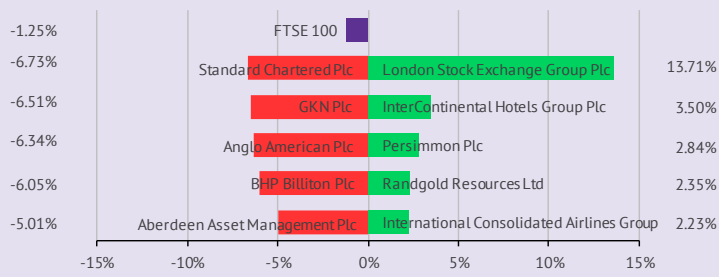
South African markets closed in the red yesterday, amid losses in banking and resources sector stocks. Data revealed that a leading indicator in South Africa recorded a drop in December. The JSE All Share Index fell 1.4% to close at 48,421.99.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid losses in financial and mining sector stocks coupled with concerns surrounding the outcome of Britain's European Union referendum. The FTSE 100 Index declined 1.3% to close at 5,962.31.



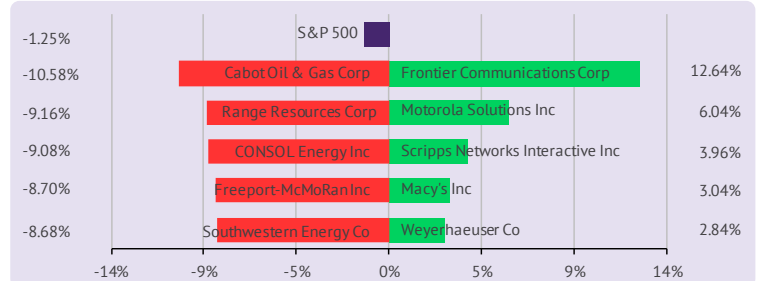
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48421.99	▼ -690.81	-1.41%	-1.06%	-1.47%	-3.06%	-4.48%
JSE Top 40	42949.32	▼ -744.71	-1.70%	-1.21%	-2.53%	-3.78%	-6.22%
FTSE 100	5962.31	▼ -75.42	-1.25%	0.20%	-2.00%	-2.54%	-4.49%
DAX 30	9416.77	▼ -156.82	-1.64%	0.31%	-3.89%	-8.80%	-12.35%
CAC 40	4238.42	▼ -60.28	-1.40%	0.36%	-4.04%	-4.75%	-8.60%
S&P 500	1921.27	▼ -24.23	-1.25%	0.18%	-0.98%	-5.07%	-6.00%
Nasdaq Composite	4503.58	▼ -67.02	-1.47%	-0.02%	-2.39%	-7.86%	-10.06%
DJIA	16431.78	▼ -188.88	-1.14%	0.24%	-0.21%	-5.50%	-5.70%

## US Market ▼

### The S&P 500 futures are trading in the red

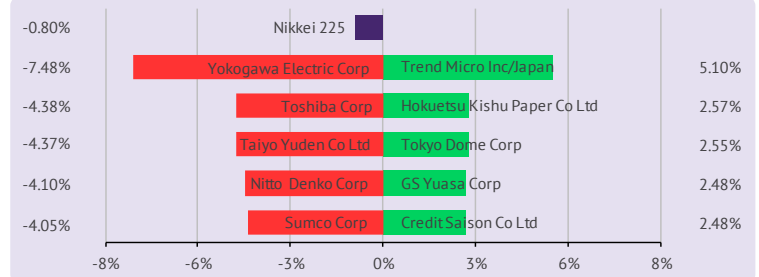
US markets closed lower yesterday, weighed down by losses in energy sector stocks amid a drop in oil prices. Data indicated that the US CB consumer confidence index fell in February. The S&P 500 Index dropped 1.3% to close at 1,921.27.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, after comments from Saudi Arabia's Oil Minister, dashed hopes for a possible oil production cut. Data indicated that consumer sentiment in China dropped in February. The Nikkei 225 Index is trading 0.8% lower at 15,923.47.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R15.2470. Later today, traders will keep a close watch on the US Markit services Purchasing Managers Index (PMI) and new home sales for further direction.

The US Dollar rose against the South African Rand yesterday. Data showed that existing home sales in the US rose unexpectedly to a six-month high in January, while the consumer confidence index fell to its lowest level in seven months in February. Separately, in South Africa, the leading indicator eased for the first time in 4 months in December.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R21.3185. Later today, traders will keep an eye on UK's CBI reported sales for further clues.

The British Pound declined against the South African Rand yesterday. The Bank of England's Governor, Mark Carney, indicated that the central bank was ready to provide the measures if the economy needs additional stimulus. He further signalled that from the BoE could cut key interest rate to zero, but would avoid to bring it in the negative territory in order to tackle with a downturn in the economy.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R16.8019. With no major economic releases in Eurozone for today, market participants will look forward to the region's consumer price inflation and Germany's Consumer confidence survey scheduled tomorrow.

The Euro strengthened against the South African Rand yesterday, after the German economy grew 0.3% in 4Q15, in line with market expectations. Meanwhile, the Ifo business expectations and business climates indices fell in February, raising concerns that the Euro-zone's biggest economy is slowing.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R10.9358.

The Australian Dollar fell against the South African Rand yesterday, continuing previous session losses.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.2470	▲	0.28%	-1.04%	-4.12%	2.70%	-1.53%
GBPZAR	21.3185	▼	-0.74%	-3.51%	-5.73%	-0.72%	-6.41%
EURZAR	16.8019	▲	0.13%	-2.17%	-2.53%	2.40%	-0.20%
AUDZAR	10.9358	▼	-0.07%	-0.29%	-2.49%	-0.95%	-3.42%
EURUSD	1.1018	▼	-0.06%	-1.00%	1.71%	-0.30%	1.40%
GBPUUSD	1.3980	▼	-0.92%	-2.38%	-1.64%	-3.33%	-4.92%
Brent (\$/barrel)	32.8	▼	-4.09%	0.79%	-4.23%	-6.81%	-10.76%
Gold (\$/oz)	1229.9	▲	1.06%	-0.66%	9.49%	5.30%	15.29%
Platinum (\$/oz)	939.6	▼	1.69%	-0.22%	7.91%	-1.95%	5.81%
Copper (\$/MT)*	4647.8	▼	-1.06%	0.51%	1.70%	-2.88%	-1.23%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.6% to trade at \$1,229.90/oz.

Yesterday, gold prices rose 1.1% to close at \$1,222.30/oz, amid a decline in global equity markets and concerns about glut of oil supplies made the investors rush to the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 1.5% to trade at \$32.78/bl.

Yesterday, Brent crude oil dropped 4.1% to settle at \$33.27/bl, after Saudi Arabia's Oil Minister, Ali al-Naimi, denied any possibilities that the top producer of oil would cut output to control the oversupply of crude oil. Moreover, the American Petroleum Institute (API) reported that crude oil inventories rose 7.10mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices fell 0.4% to trade at \$939.60/oz.

Yesterday, platinum prices climbed 1.7% to close at \$943.50/oz, reversing previous session losses.



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## Major South Africa Corporate News

### Aspen Pharmacare Holdings Limited

In its trading statement for the six months ended 31 December 2015, the company, indicated that its normalised headline EPS is expected to be in the range of 635.70c to 664.30c, indicating an increase of 11.0% to 16.0% from the corresponding period of the previous year. Its comparable normalised headline EPS is estimated to advance between 18.0% and 23.0% from the previous comparative period to be in the range of 623.60c to 650.10c. However, its headline EPS is anticipated to be between 400.90c and 428.00c, compared with 541.70c reported in the same period a year ago.

### Harmony Gold Mining Company Limited

The company announced that it has signed foreign exchange hedging contracts in rand/US dollar exchange rate for a total value of about USD400.00mn or R6.20bn, which amounts to one third of its expected gold proceeds over the year.

### Imperial Holdings Limited

In its 1H16 results, the company, indicated that its revenue from continuing operations increased to R58.20bn from R54.76bn posted in the corresponding period of the previous year. Its headline diluted EPS from ongoing operations rose 1.7% from the same period of the prior year to 720.00c. For FY16, the company expects volume growth throughout its logistics operations to be subdued, and national new vehicle sales in South Africa to decline in the range of 5.0% to 10.0% in response to fragile consumer confidence and rising interest rates. It therefore expects single digit revenue growth, while its operating profit from continuing operations is anticipated to remain unchanged.

### Mediclinic International Plc

The company announced that Craig Tingle intends to retire as the Chief Financial Officer (CFO) of the company and would leave his position on June 15, 2016.

### RCL Foods Limited

In its 1H16 results, the company, stated that its revenue rose 7.0% from the same period of the prior year to R12.88bn. Its headline diluted EPS from continuing operations stood at 87.20c, compared with 69.80c recorded in the corresponding period of the previous year. Its profit before tax fell to R745.93mn from R817.84mn posted in the same period of the preceding year.

### Sibanye Gold Limited

In its trading statement for FY15, the firm, revealed that profits attributable to shareholders is anticipated to be in the range of R675.00mn to R775.00mn, compared with R1,552.00mn recorded in the preceding year. The decline in profits was due to a relatively poor March 2015 quarter and the Eskom load shedding in the June 2015 quarter. It stated that its headline EPS is estimated to be in the range of 70.00c to 81.00c, compared with 170.00c recorded in the earlier year. Its EPS is expected to fall in the range of 54.0% to 60.0% from the preceding year to be between 74.00c and 85.00c. Moreover, the company indicated that its normalised earnings are expected to be between R1.18bn and R1.28bn, compared with R2.26bn recorded a year ago.

## Major Global Economic News

### Eurozone

The seasonally adjusted final gross domestic product (GDP) in Germany, rose 0.3% on a quarterly basis in 4Q15. Market anticipation was for GDP to climb 0.3%. The preliminary figures had also recorded an advance of 0.3%.

In Germany, the Ifo business climate index fell to a level of 105.70 in February, lower than market expectations of a drop to a level of 106.80. In the prior month, the index had registered a level of 107.30.

The Ifo business expectations index in Germany recorded a drop to 98.80 in February, compared to a revised reading of 102.40 in the previous month. Market expectation was for the index to fall to 101.60.

### UK

The Bank of England (BoE) Governor, Mark Carney signalled that the central bank might cut interest rates to zero but will not drag rates into the negative territory. He further indicated that the world economy had entered into a period of low growth and the BoE might have to respond with additional stimulus measures.

### US

In February, the CB consumer confidence index in the US eased to 92.20, from a revised level of 97.80 in the prior month. Market anticipation was for the index to drop to a level of 92.20.

Existing home sales in the US unexpectedly advanced by 0.4%, on monthly basis in January, to a level of 5.47mn, compared to market expectations of 5.33mn. Sales had registered a revised level of 5.45mn in December.

### Asia

The Westpac-MNI consumer sentiment index in China, fell to 111.30 in February, compared to a reading of 114.90 in its prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Westpac-MNI Consumer sentiment index (Feb)	✓	*111.30	114.90	Monthly
Japan	07:00	Coincident Index (Dec) (F)	✓	-	111.20**	Monthly
Japan	07:00	Leading Economic Index (Dec) (F)	✓✓	-	102.00**	Monthly
Japan	07:00	Small Business Confidence (Feb)	✓	47.10	47.20	Monthly
Switzerland	09:00	UBS Consumption Indicator (Jan)	✓✓	-	1.62	Monthly
France	09:45	Consumer Confidence (Feb)	✓	97.00	97.00	Monthly
Italy	11:00	Industrial Orders s.a (MoM) (Dec)	✓	-	1.60%	Monthly
Italy	11:00	Industrial Sales s.a. (MoM) (Dec)	✓	-	-1.10%	Monthly
UK	11:30	BBA Mortgage Approvals (Jan)	✓✓	44.80K	43.98K	Monthly
Eurozone	12:00	Bundesbank Holds Press Conference on Annual Report	✓✓	-	-	As scheduled
UK	13:00	CBI Distributive Trades Survey - Realised (Feb)	✓	12.00%	16.00%	Monthly
Germany	13:00	Germany's Bundesbank Publishes Annual Report	✓✓	-	-	As scheduled
US	14:00	MBA Mortgage Applications (19-Feb)	✓	-	8.20%	Weekly
US	16:45	Markit Composite PMI (Feb) (P)	✓✓	-	53.20	Monthly
US	16:45	Markit Services PMI (Feb) (P)	✓✓	53.50	53.20	Monthly
US	17:00	New Home Sales Change (Jan)	✓✓	520.00K	544.00K	Monthly
US	17:00	New Home Sales (MoM) (Jan)	✓	-4.40%	10.80%	Monthly
US	17:30	New Home Sales (MoM) (Jan)	✓✓	-	2.15mn bls	Weekly
Canada	19:35	Bank of Canada's Schembri speaks in Guelph, Ontario	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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